

## **The complaint**

Mr M complains that Barclays Bank UK Plc has incorrectly recorded arrears on his mortgage loan to the credit reference agencies. Mr M asks that Barclays corrects the information sent to the credit reference agencies and cleanses his credit file of any adverse information in relation to his mortgage.

## **What happened**

Mr M has a capital repayment mortgage with Barclays.

In March 2020 Mr M took out a three month covid-19 payment deferral on his Barclays mortgage loan. He'd suffered a loss of earnings as a result of the covid-19 pandemic and wanted to make use of the special rules surrounding support for mortgage borrowers. The initial arrangement covered April, May and June repayments. In July 2020 Mr M extended the payment deferral for a further three months.

In October 2020 Barclays agreed to let Mr M make interest only payments for three months as Mr M's income was still adversely impacted by the covid pandemic.

In January 2021 Barclays agreed to a further interest only concession for three months.

On 4 May 2021 Mr M cleared his mortgage arrears.

In June 2021 Mr M checked his credit file and found that his credit score had fallen to 'poor'. Mr M complained to Barclays, saying it had incorrectly recorded a payment arrangement during the pandemic and that it shouldn't have reported this on his credit file. Mr M says an agreement had been reached between him and Barclays to vary the terms of the mortgage. Mr M considers it unfair that this pre-agreed amendment to his mortgage terms led to adverse information being reported by Barclays on his credit file.

Mr M has said he's concerned about the impact the adverse information on his credit file will have on him in a professional capacity. He also fears that it will leave him unable to move his mortgage to other lenders.

Barclays gave its final response to the complaint on 7 June 2021. It didn't uphold Mr M's complaint, saying it had a duty to report accurate information to the credit reference agencies. Barclays said Mr M had been told in January 2021 over the phone, and by letter, that reduced payments would accrue as arrears and this would be reported on Mr M's credit file. It didn't think it had made a mistake or acted unfairly by reporting arrears from January 2021 to the date the arrears were cleared.

Mr M was dissatisfied with Barclays' final response and brought his complaint to us. Our investigator looked into what had happened. He thought the complaint should be upheld in part, and set out what he thought Barclays should do now to put things right. Our investigator thought Barclays had made it reasonably clear that arrears from January 2021 onwards would be reported to the credit reference agencies.

He found that Mr M's mortgage had been in arrears from January 2021 to the date it was repaid and these arrears had been outside of special covid support that shouldn't be recorded on a consumer's credit file. However, having checked the arrears reported on Mr M's credit file, he thought the level of arrears that had been reported had been higher than the actual arrears position of the mortgage. He thought that this should be corrected by Barclays to settle the complaint.

Mr M disagreed with the investigator's view. He responded to say he still believed that the temporary arrangements he agreed with Barclays should supersede the mortgage terms for the period of the arrangement and there should be *no* impact on his credit file.

Mr M asked that the case be passed to an ombudsman to reach a final decision on the matter.

### **What I've decided – and why**

I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint.

I've thought carefully about the arguments made by Mr M before reaching my final decision. Having done so, I find myself in broad agreement with our investigator as to why this complaint should succeed and what should happen now to put things right.

Mr M is unhappy that information was recorded on his credit file about an interest only payment arrangement which led to mortgage arrears. The only information Barclays has recorded to the credit reference agencies was in relation to the concession granted in January 2021.

I'm pleased to see that Barclays didn't record the covid payment deferral arrangements that Mr M chose to make use of (from April to October 2020) on his credit file. The Financial Conduct Authority (FCA) introduced special rules to cover the first six months of support that lenders provided to borrowers in response to the covid-19 pandemic. I'm satisfied that Barclays followed these special rules for Mr M's mortgage from April to September 2020.

Barclays then agreed a further three month interest only concession as tailored support in light of Mr M's specific circumstances to cover the period from October to December 2020. This seems a reasonable step for it to have taken to support Mr M who was still facing financial difficulties.

The FCA had said that lenders could record any such further tailored support- after the six month deferrals had ended- on customers' credit files.

It seems Barclays didn't record this arrangement on Mr M's credit file from October 2020 to December 2020. The evidence we have suggests that Barclays hadn't been sure what would happen next in terms of FCA guidance when it arranged this concession. And so it hadn't warned Mr M that the interest only concession, given as further tailored support, would be shown on his credit file. Maybe that is why Barclays chose not to record this concession on Mr M's credit file as it *could* have done. Barclays made this decision, and I see no reason to interfere with that here. I don't consider that Barclays' decision not to record the interest only concession on Mr M's credit file from October to December 2020 led to any harm or detriment for Mr M. In fact, arguably he benefitted from this arrangement not being shared with the credit reference agencies as soon as it could have been.

Mr M's complaint concerns the fourth payment concession that was agreed by Barclays in January 2021, and the consequences of that arrangement being recorded on his credit file.

In January 2021 Barclays agreed to another interest only payment arrangement to help Mr M as he was still struggling to meet his full contractual mortgage repayments. Barclays sent Mr M a letter in January 2021 confirming its agreement to accept reduced monthly payments in January, February and March 2021. It said instead of the usual repayment of capital and interest agreed in the mortgage contract, it would allow Mr M to pay only interest for three months without exercising its rights under the mortgage contract to help him through a period of financial difficulty.

The letter from Barclays said:

*“Please note: The difference between the agreed reduced payment and your contractual monthly payments will accrue as arrears. Upon expiry of this agreement you will need to contact us to agree an arrangement for repayment of any arrears that have accrued.”*

The letter also made it clear that switching an account to a reduced repayment is a temporary measure to help customers in financial difficulties. And it went on to say that credit reference agencies will record additional information on your credit file when a formal repayment arrangement is agreed and if the account is in arrears resulting from missed payments.

Further to this, in the call in which the arrangement was discussed, I am satisfied that Barclays made it reasonably clear to Mr M that it was agreeing to an interest only concession as a temporary forbearance measure and that information would be recorded on his credit file.

Overall, I consider that Barclays took reasonable steps to explain the nature of the help it was providing to Mr M in January 2021, that it would share this information with the credit reference agencies and the impact this would have. On the basis of this information, Mr M chose to enter into the repayment arrangement. I don't think Barclays acted unreasonably in this regard.

I see the point that Mr M is making about why he feels he had entered into another arrangement with Barclays that should supersede the mortgage contract.

While I appreciate the argument made, I'm not persuaded by it. I am satisfied that when Mr M took out the mortgage he entered into a repayment mortgage with Barclays. He agreed to repay the amount of his mortgage loan in a schedule of repayments over an agreed term. Barclays allowed Mr M to enter into a temporary payment concession as a forbearance measure. I don't think this concession replaced the mortgage contract itself - or that it meant it became unfair or unreasonable for Barclays to report arrears to the credit reference agencies.

Barclays has a duty to give a true and accurate representation of Mr M's mortgage conduct to the credit reference agencies. I have explained why I think it was reasonable for Barclays to share information about Mr M's mortgage concession entered into in January 2021.

However, I agree with our investigator that the information reported does not appear to be accurate for the period from January to May 2021. Mr M's arrears position seem to have been overstated and not to reflect the true position of the mortgage balance at that time.

Barclays has now agreed to look again at the reporting of this mortgage from January 2021 to the time Mr M cleared the mortgage arrears in May 2021. It has said it will correct Mr M's credit file to reflect the position of the mortgage account for this period. I think this is reasonable to settle this complaint and I make no direction or award.

### **Putting things right**

As I have said, Barclays has now agreed to correct the reporting of Mr M's mortgage from January to May 2021 to the credit reference agencies. This will mean that Mr M's mortgage conduct is correctly recorded on Mr M's credit file. I consider this fair and reasonable to settle the matter.

### **My final decision**

My final decision is that this complaint against Barclays Bank UK PLC should be upheld.

I direct Barclays Bank UK PLC to do the following to settle the matter, if it has not already done so:

- correct the reporting of Mr M's mortgage to the credit reference agencies to accurately reflect Mr M's mortgage conduct for the period from January 2021 to May 2021.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr M to accept or reject my decision before 5 December 2022.

Emma Peters  
**Ombudsman**